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C O N F I D E N T I A L SECTION 01 OF 03 KUALA LUMPUR 001029

SIPDIS

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SUBJECT: UMNO COMPLETES NOMINATIONS FOR UPCOMING PARTY ELECTIONS

Classified By: Political Counselor Mark D. Clark for reason 1.4 (b and d).

Summary and Comment

¶1. (SBU) The United Malays National Organization (UMNO), the party that dominates Malaysia's governing coalition, concluded divisional elections on November 9 and wrapped up nominations for the party's national leadership positions, which will be contested in the party elections March 24-28, 2009. Party deputy president and Deputy Prime Minister Najib Tun Razak attracted all but one nomination for the top slot, and is virtually assured election as the next UMNO President and thus become Malaysia's next Prime Minister. Most other UMNO contests are not as clear cut. The UMNO Deputy President post features a three-way fight, with Trade Minister Muhyiddin Yassin the frontrunner, while eight candidates vie for three UMNO Vice President positions. The UMNO Youth Chief race, one of the most publicized contests, pits ex-PM Mahathir's son Mukhriz against Khairy Jamaluddin, son-in-law of outgoing PM Abdullah, and Malay populist Khir Toyo. Long-serving Women's leader Rafidah Aziz, UMNO's "Iron Lady," will defend her position against her deputy Shahrizat Abdul Jalil. This year's party nomination process has been ripe, once again, with complaints about widespread vote buying.

¶2. (C) Comment: UMNO's election process is often seen as more important than the national elections; with the ruling National Front coalition in place, UMNO leaders will hold the most senior positions in the government, including that of Prime Minister, Deputy Prime Minister and the most critical Cabinet slots. Despite the March election shock and public focus on needed reforms, UMNO's election process has proceeded as it has for decades -- as a power struggle among party elites in which money plays a significant role, and contests are largely divorced from any policy positions or wider public opinion. Observers will track the prospects of factions defined by affiliation to senior figures, particularly Najib, Abdullah and Mahathir. At the end of the nomination process, a new UMNO does not appear on the horizon. End Summary and Comment.

UMNO Nominations Wrap Up

¶3. (U) UMNO wrapped up the last of their 191 divisional elections and nominations on November 9 for the party's top positions, which will be contested in the party elections March 24-28, 2009. Five divisions did not hold elections due to administrative problems or controversies, but vowed to do so before March. As each UMNO division has 13 voting

delegates, a total of 2,565 party members will decide the leadership of the party. For the next four months, party candidates who have qualified will concentrate on winning and retaining delegates' support, as nominations obtained by the candidates during the divisional elections do not bind delegates and will not guarantee their votes come March.

President: Najib Set to Win Uncontested

¶4. (U) Reflecting the "transition plan" proposed by Prime Minister Abdullah and blessed at various points over the past months by UMNO leadership, party deputy president and DPM Najib attracted almost universal support for his bid to become the next party president and Prime Minister. Najib obtained 184 nominations for the UMNO President post while his only declared competitor Tengku Razaleigh Hamzah garnered but one nomination (from Razaleigh's own division in Kelantan). Najib was assured he would win the presidency uncontested when on November 2 he picked up his 134th nomination, making it mathematically impossible for any other candidate to qualify. Barring any unforeseen political catastrophe, UMNO will officially name Najib as UMNO President in March 2009. By convention since the country's independence in 1957, the UMNO President becomes Malaysia's Prime Minister, and Najib is expected to assume that position after UMNO's late March assembly and following confirmation by the King, as required by the Constitution.

Deputy President: A Major Contest in the Making

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¶5. (SBU) The UMNO Deputy President post has not featured a real contest since 1987, but will now see a three-cornered fight pitting UMNO Vice President Muhyiddin Yassin (who is also the Minister for International Trade and Industry) against another UMNO Vice President Mohd Ali Rustam (Melaka Chief Minister) and UMNO Information Chief Muhammad Muhammad Taib (Rural and Regional Development Minister). By convention, the Deputy President of UMNO will be the Deputy Prime Minister of the country. Muhyiddin, a trained economist, is clearly the front runner, although the other two leaders are popular among UMNO rank-in-file. DPM Najib has not officially endorsed any of the three candidates but is commonly viewed as supporting Muhyiddin, as the latter was an active proponent in pushing for PM Abdullah's rapid transition to Najib. That said, Muhyiddin may face some problems from PM Abdullah's supporters who blame the UMNO Vice President for hastening the departure of their leader.

Vice President: The (Relatively) Young and Restless

¶6. (U) For the three UMNO Vice President posts, eight leaders have obtained the minimum nominations (20) to contest the post. Leading the pack is UMNO Youth Chief and Education Minister Hishamuddin Tun Hussein, who is also DPM Najib's cousin. Hishamuddin obtained 151 nominations followed by DPM's Najib's former political secretary Zahid Hamidi (who is the Minister in Prime Minister's Department in charge of religious affairs). The other relatively young leaders who are vying for the Vice President post are Shafie Apdal (Minister of Arts, Culture and Heritage, from Sabah) and Minister of Higher Education Khalid Nordin. Veteran UMNO leaders who reached the threshold to contest include Home Minister Syed Hamid Albar, incumbent Vice President Isa Samad (who was suspended from his position in June 2005 for three years for being involved in money politics) and DPM Najib's close associate Jamaluddin Jarjis. Foreign Minister Rais Yatim also made the cut, but only by virtue of a few last-minute nominations.

Youth Chief: Mahathir-Abdullah Proxy War

¶7. (SBU) The race for the influential position of UMNO Youth Chief has become one of UMNO's most publicized contests. Leading the nomination race is former PM Mahathir's son Mukhriz Mahathir, who obtained 74 nominations, followed by populist former Selangor Chief Minister Khir Toyo, who obtained 62. The third contestant is PM Abdullah's son-in-law and MP Khairy Jamaluddin, who managed to get 52 nominations. For Khairy, the incumbent UMNO Youth Deputy Chief, the number nominations he received is considered to be a major embarrassment as he was considered the clear favorite prior to UMNO's March election setback. Khairy attracted a great deal of blame within UMNO for the poor showing at the polls. Khairy's fortunes soured further when father-in-law Abdullah announced in early October that he will step down in March 2009 as UMNO President. The contest between Mukhriz and Khairy is widely seen as a proxy war between Mahathir and Abdullah, with grassroots sentiment favoring Mukhriz and money politics favoring Khairy. Khir Toyo has relied on Malay chauvinist themes, and reportedly ample funding, to attract support for his bid.

Women's Wing: An End to the Iron Lady?

¶8. (U) Despite an initial transition agreement calling for long-serving Women's Chief Rafidah Aziz ("the Iron Lady") to hand over power to Deputy Chief Shahrizat Abdul Jalil in June 2009, a battle has developed between the two for leadership of the Women's wing. Rafidah and Shahrizat both received sufficient nominations to contest for the top Women's position. Shahrizat urged Rafidah, who has led the Women's wing for 20 out of the past 24 years, to follow PM Abdullah's footsteps and step down in March 2009 instead of June 2009. On November 20, Shahrizat finally confirmed her intention to seek the Women's Chief post in the name of "renewal," a decision that met with signs of grassroots support. Shahrizat also qualified to run for the deputy position along with another veteran leader, Kamilia Ibrahim. Surprisingly, former UMNO Young Women's (Puteri) Chief and Minister of Tourism Azalina Othman did not receive the minimum 29 nominations to contest the deputy post. With Shahrizat going

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for the top position, Kamilia appears set to win the deputy slot uncontested.

UMNO Supreme Council: Candidates Galore

¶9. (U) For the 25 elected seats in the UMNO Supreme Council, 73 candidates (out of 142) made the cut by obtaining the minimum 10 nominations. The race will feature every incumbent on the Supreme Council, UMNO cabinet ministers, deputy ministers, chief ministers, several state legislative members and prominent businessmen.

Money Politics

¶10. (SBU) This year's party nomination process is, once again, ripe with complaints about vote buying, with the UMNO disciplinary board receiving more than 900 complaints during the divisional election period. Seemingly every candidate vying for a position in the party election has complained that UMNO divisional "agents, brokers, and lobbyists" are openly asking for money in return for the division's support.

According to a veteran observer, the general code phrase used by these brokers is "you have Agong (King)," referring to the King who is featured on all Malaysian currency. Foreign Minister Rais Yatim, who barely scraped through the nomination process, sarcastically suggested that UMNO should give positions "to the highest bidder." Tengku Razaleigh's supporters stated that UMNO divisional party agents, when approached for their backing, have replied "no money, no talk." Razaleigh, who described money politics as a "cancer that will destroy the party," suggested that UMNO should

adopt the U.S. campaign funding system to curb vote buying within the party. UMNO Disciplinary Board Chairman Tengku Rithaudeen acknowledged that money politics "is fast becoming a culture" in the party, and welcomed Razaleigh's suggestion, adding that the Board would study the system and "tailor it to the local political scene if it can benefit UMNO." Party officials have also called on the Anti-Corruption Agency (ACA) to tackle the problem, though the widespread nature of vote-buying and executive control over ACA make this a hollow gesture, many observers conclude.

KEITH